

Chief Consolidated Mining Co.

Rec'd by email
10/4/2016

M1049/0062

October 4, 2016

Ms. Dana Dean, Associate Director, Mining
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, Utah 84114-5801]

By Email: danadean@utah.gov

Re: Chief Consolidated Mining Company – Permit Nos.

Dear Ms. Dean:

Pursuant to my discussions with Paul B. Baker, Minerals Program Manager, I am writing to you to generally describe the status of Chief Consolidated Mining Company ("Chief") and its proposed operations, and with respect to the outstanding penalty of \$45,000 that has been assessed against Chief.

As you may be aware, Chief historically mined gold, silver and other minerals in the East Tintic Mining District. The Burgin Mine has not operated since 1978 and the Trixie Mine has not operated since 2002. In addition, a portion of the property that Chief owns was the subject a Superfund designation and substantial remedial work was completed on the property pursuant to agreements among Chief, the United States Environmental Protection Agency and the Utah Department of Environmental Quality, Division of Environmental Response and Remediation.

Recently, approximately 83.4% of the stock in Chief was acquired by **LEADFX**, a Canadian-based mining company focused on the development of mining projects. Since the acquisition of a majority ownership interest by **LEADFX**, Chief has been focused on evaluating the Chief properties and ensuring that Chief is within regulatory compliance. Among the actions that were completed by Chief after acquisition of the majority ownership by **LEADFX** was posting of additional bonding in accordance with the requirements of the Utah Division of Oil, Gas and Mining.

At this time, Chief is completing various investigations and evaluations regarding the feasibility of restarting certain mining operations on the Chief property. As part of the investigations, Chief is assessing the status of the facilities on the Chief property.

Chief received the letter dated September 6, 2016, from Mr. Baker advising Chief of the need to complete reclamation actions with respect to the Chief property. Mr. Baker and I have tentatively scheduled a meeting on October 12, 2016 to discuss the reclamation actions that need to be completed by Chief. Chief is committed to ensuring that Chief complies with all regulatory requirements associated with the Chief property.

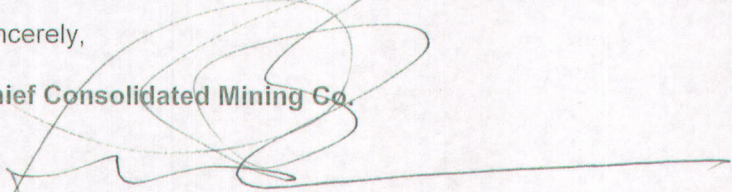
Because Chief had not timely posted the required bonding, the Utah Division of Oil, Gas and Mining assessed penalties against Chief in the current amount of \$45,000. Chief requests that you consider either waiving the penalties or holding the penalties in abeyance while Chief undertakes completion of the reclamation actions required to ensure compliance with Utah. I would be happy to meet with you to discuss any issues or concerns that you may have with respect to Chief's property or actions.

Chief Consolidated Mining Co.

Chief appreciates your consideration of this request. If you have additional comments or questions, please contact me at 303-434-8757 or tbuchanan@enirgi.com.

Sincerely,

Chief Consolidated Mining Co.



Timothy R. Buchanan
Secretary

Cc: Paul B. Baker, Minerals Program Manager By Email: paulbaker@utah.gov
April Abate By Email: aprilabate@utah.gov
Robert Scargill, President and Chief Executive Officer, Chief Consolidated Mining Company
D'Arcy Doherty, Esq.
Carolyn Stroz, Esq.